GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:208
ANSWERED ON:31.07.2017
Concessions/Facilities to EOUs
Chavan Shri Harishchandra Deoram;Choudhary Shri Ram Tahal

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the details of the concessions/ facilities being provided to the Export Oriented Units (EOUs) under the EOU scheme in the country;
(b) whether any instances of misuse of these concessions/facilities have come to the notice of the Government during the last three years and the current year;
(c) if so, the details thereof along with the action taken by the Government in this regard;
(d) whether it is a fact that there is no provision to punish the offenders for misuse of the concessions/facilities under the schemes for promoting the export and if so, the reasons therefor along with the remedial measures taken in this regard so far; and
(e) whether the objective of the scheme has been achieved by the Government, if so, the details thereof and if not, the reasons therefor along with the corrective measures taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

a) to e): A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 208 FOR ANSWER ON 31st JULY, 2017
REGARDING "CONCESSIONS/FACILITIES TO EOUs".

(a): Benefits available to EOUs after introduction of Goods and Services Tax (GST) regime include:
- Duty free imports;
- Benefit of MEIS scheme (Chapter 3 benefits of Foreign Trade Policy);
- Reimbursement of Central Sales Tax (CST) on items not covered under GST;
- Reimbursement of Customs duty paid on fuel procured from domestic oil companies.
- Fast-track clearance to status holder units
- Units are allowed to retain 100% of export earnings in EEFC accounts.

(b) & (c): The number of cases during the last three years and in the current year where Show Cause Notices (SCNs) issued to EOUs for demand of duty because of alleged misuse of concessions are as under :-

Year	No. of cases of misuse where SCNs issued	Demand of duty (in Rupees Crores)
2014-2015	156	527.35
2015-2016	170	468.12
2016-2017	97	325.58
2017-2018(till 30.6.2017)	31	54.88

Further, during the last three years and in the current year, two cases have been registered by Central Bureau of Investigation, against M/s Gaurika Gems & Jewels, Bund, Rajasthan, M/s A.I. Metals, Alwar, Rajasthan and one case by Directorate of Revenue Intelligence against M/s Gaurav Pharma Ltd. Haryana for duty evasion. In 27 cases, penalties have been imposed under the provisions of the Foreign Trade (Development & Regulation) Act 1992 for violation of provisions of the Foreign Trade Policy 2015-2020 amounting to Rs. 36.90 lakhs.

(d): No madam, there are sufficient provisions under the Customs Act, 1962 and Central Excise Act, 1944 which provide for suitable punishment to offenders including fines, penalties and prosecution besides recovery of duty for which concession was availed by EOU. Instances of violation/misuse are dealt by the concerned Development Commissioner/Central Excise and Customs authorities as per the relevant provisions of these laws as and when detected. For violation of Foreign Trade Policy provisions, penalty can also be imposed under the Section 11 of Foreign Trade (Development and Regulation) Act, 1992. Steps have been taken to curb such violations which include joint monitoring of the performance of the EOU Units by officers of Customs and Central Excise and Development Commissioners on a regular basis.

(e): The EOUs are required to be Net Foreign Exchange (NFE) positive and continuity of the units is subject to their being NFE

positive. The EOUs have been consistently achieving over 60 percent positive NFE during the last five years as detailed below:-

Foreign exchange earned by EOUs

â€¢ (Value in Rupees Crore)

Year	EOU's Exports	EOU's Imports	NFE by EOUs	NFE as %age of export
2012-13	104088.2	37390.35	66697.86	64.07821
2013-14	104721.7	37390.1	67331.56	64.29573
2014-15	105490.4	39334.88	66155.47	62.71234
2015-16	107875.4	37896.71	69978.72	64.86993
2016-17	75156.86	26145.58	49011.28	65.21198
2017-18 (up to 30.6.2017)	10461.89	3236.13	7225.76	69.06744

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